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Canada

RETAIL GASOLINE MARKET SHARES 1991-1992

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Retail Gasoline Market Shares 1991 - 1992

The downstream petroleum sector continues to undergo major structural changes. Several marketers are implementing plans to reduce their number of service stations, in an effort to improve their rates of return, while retaining or expanding their market share.

This report examines the changes in 12 major Canadian urban gasoline markets between the fourth quarters of 1991 and 1992. The report analyses retail gasoline sales, market shares and average daily throughputs over the period, for three major types of marketers.

The data used for this analysis originate from surveys taken by Kent Marketing and are based on the 4,500 service stations in the 12 centres. This compares to a total of over 17,600 retail outlets in Canada[1]. The total Canada data in this report represents the total of the 12 centres analyzed. The glossary at the end of the document defines each type of marketer referred to in the report and the appendix contains the specific data for each urban centre.

I- Gasoline Sales

Between 1991 and 1992, the volume of retail gasoline sales increased about 1 per cent in Canada's 12 major urban centres, from 26.2 to 26.6 million litres a day. As illustrated in the following table, Independents experienced the largest increase in their sales (more than 3 per cent) while the sales of major retailers increased by 1 per cent during the same period. The Western centres showed the greatest increase in sales with a 4 per cent annual rate of increase, rising from 7.7 to 8 million litres a day.

Gasoline Sales During the Fourth Quarter (000 litres/day)

	Atlantic		Central		Western		Canada	
	1991	1992	1991	1992	1991	1992	1991	1992
Major	704.3	686.4	9961.7	10064.8	4222.5	4259.1	14888.4	15010.3
Regionals	727.2	706.1	2990.5	2919.0	1837.2	1945.2	5554.9	5570.2
Independents	110.5	151.7	4033.9	4013.2	1626.4	1804.6	5770.8	5969.5
Total	1542.0	1544.2	16986.1	16997.0	7686.1	8008.9	26214.1	26550.0

Regionally, the most significant change was the increase in sales by Independents in the Atlantic and Western regions, where sales climbed 37 per cent and 11 per cent, respectively. In the Maritimes this increase was offset by declines in sales by the Majors and Regionals. In the West

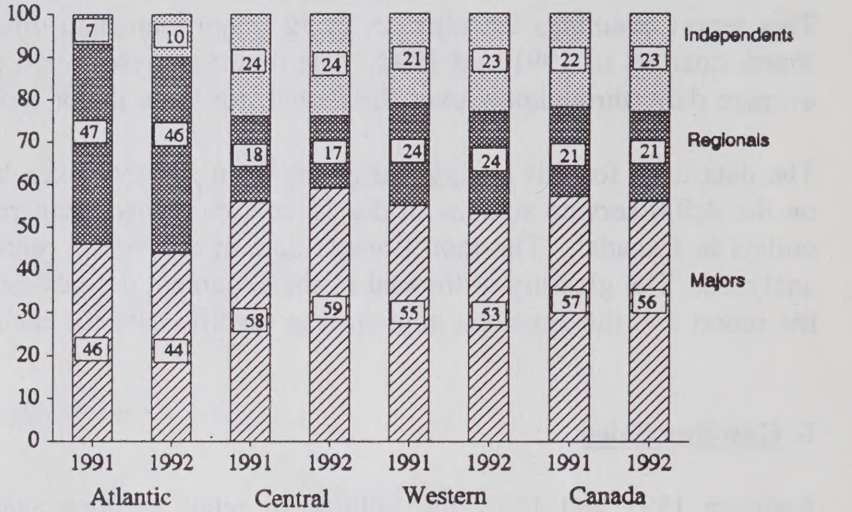
[1] Octane; Annual Retail Marketing Survey, volume 6, no 3, Fall 1992, Calgary.

all three types of retailers experienced sales increases.

II- Gasoline Market Shares

In conjunction with the increase in their gasoline sales, independent retailers saw their market share grow, at the expense of the major and regional refiners. This was particularly true in the Atlantic and Western regions. In the Central region, the Majors increased their market share at the expense of the Regionals.

Gasoline Market Shares
in the Fourth Quarter (%)

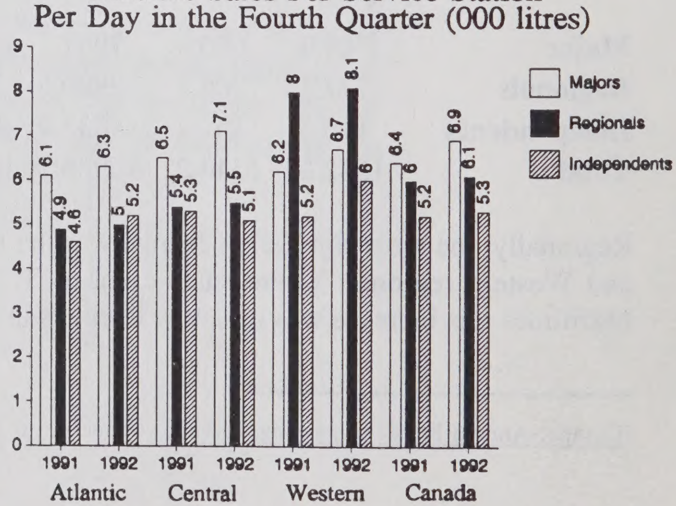


The growth in the Independents' market share is most significant in Halifax, where sales increased from 2.7 per cent to 6.8 per cent of the total sales in that city. Following deregulation of the Nova Scotia market in 1991, most barriers to entry into the market were eliminated. Since that time, Independents have increased their number of outlets, and their market share. In the West, independent retailers increased their market share in all centres except Regina, where only the Majors made gains.

III- Gasoline Sales Per Service Station

In spite of only modest increases in retail sales, the Majors were able to increase their average sales per outlet in each of the three regions by significantly reducing their number of service stations. Average daily throughput per station rose by 8 per cent to 6.9 thousand litres, with the greatest gains in the Central region, where throughputs reached 7.1 thousand litres per day per outlet.

Gasoline Sales Per Service Station
Per Day in the Fourth Quarter (000 litres)



The Independents were also able to slightly improve their efficiency to 5.3 thousand

litres. Increases in daily throughputs in both the Atlantic and Western regions were partially offset by declines in the Central region. However, in the case of the Independents, the higher throughputs were accomplished while also increasing the number of outlets and their market share.

Similarly, the regional refiners experienced an increase in their average daily sales per outlet to 6.1 thousand litres. Although their throughputs were up in each region, the regional refiners in western Canada continued to achieve the highest average throughput of any marketers, with daily sales of over 8,000 litres per outlet .

IV- Conclusion

Between 1991 and 1992, average daily sales of gasoline in the 12 major centres in Canada increased from 26.2 to 26.6 million litres. During the same period, the independent retailers saw their market share grow (from 22 to 22.5 per cent of total sales) at the expense of the major retailers while the regional refiners managed to maintain their market share.

The Majors made the best gains in terms of average daily throughput per service station, reflecting the results of their outlet rationalization policies. These efforts are expected to continue in the immediate future since the Majors have announced plans to close up to 3,000 stations within the next 4 years.

Canadian throughputs remain significantly lower than those in the U.S., which averaged over 10,000 litres per day per outlet in 1990. It is unlikely that Canadian marketers will achieve similar economies of scale, given our dispersed population and the relative size of our urban centres. However, there is still room for further improvement.

Glossary Of Terms

Major: Companies which refine crude and market products nationally (Esso, Shell and Petro-Canada).

Regional: Companies which refine crude and limit their marketing to specific regions in Canada (Irving, Sunoco, Ultramar, Husky, Parkland, Federated Co-Op and Chevron)

The categories "Major" and "Regional" refer to retail gasoline outlets operated under a refiner-marketer's principal name or first brand, as well as any second or private brand stations operated by these marketers.

Independent: Independent owners of gasoline outlets or chains of outlets, who purchase products, generally from a refiner, and retail under their own brand (Canadian Tire, Domo, Payless, Suny's, etc).

APPENDIX

I- Gasoline Sales During The Fourth Quarter (000 litres/day)

	St. John's		Charlottetown		Halifax		Saint John		Atlantic	
	1991	1992	1991	1992	1991	1992	1991	1992	1991	1992
Majors	132.3	124.4	51.4	51.8	433.7	425.0	86.9	85.3	704.3	686.4
Regionals	165.0	165.5	60.1	56.1	339.3	311.8	162.8	172.6	727.2	706.1
Independents	41.8	42.4	0.0	0.0	21.5	53.6	47.2	55.7	110.5	151.7
Total	339.1	332.3	111.5	107.9	794.5	790.4	296.9	313.6	1542.0	1544.2

	Québec		Montréal		Ottawa		Toronto		Central	
	1991	1992	1991	1992	1991	1992	1991	1992	1991	1992
Majors	719.8	681.0	3655.2	3758.4	865.3	855.5	4721.5	4769.8	9961.7	10064.8
Regionals	480.9	459.6	1474.3	1431.1	133.1	130.1	902.2	898.2	2990.5	2919.0
Independents	368.9	387.4	1659.2	1663.4	469.3	507.4	1536.4	1455.0	4033.9	4013.2
Total	1569.6	1528.0	6788.7	6852.9	1467.7	1493.0	7160.1	7123.0	16986.1	16997.0

	Winnipeg		Regina		Calgary		Vancouver		Western	
	1991	1992	1991	1992	1991	1992	1991	1992	1991	1992
Majors	894.9	861.1	324.6	306.3	1156.4	1218.0	1846.6	1873.6	4222.5	4259.1
Regionals	168.0	197.8	170.4	154.4	598.3	579.9	900.5	1013.1	1837.2	1945.2
Independents	601.2	634.2	93.6	83.4	469.5	548.1	462.0	539.0	1626.4	1804.6
Total	1664.1	1693.1	588.6	544.1	2224.2	2346.0	3209.1	3425.7	7686.1	8008.9

II- Gasoline Market Shares During The Fourth Quarter (%)

	St. John's		Charlottetown		Halifax		Saint John		Atlantic	
	1991	1992	1991	1992	1991	1992	1991	1992	1991	1992
Majors	39.1	37.4	46.1	48.0	54.6	53.7	29.3	27.2	45.6	44.5
Regionals	48.6	49.8	53.9	52.0	42.7	39.5	54.8	55.0	47.2	45.7
Independents	12.3	12.8	0.0	0.0	2.7	6.8	15.9	17.8	7.2	9.8

APPENDIX (continued)

	Québec		Montréal		Ottawa		Toronto		Central	
	1991	1992	1991	1992	1991	1992	1991	1992	1991	1992
Majors	45.9	44.5	53.9	54.8	58.9	57.3	65.9	67.0	58.7	59.2
Regionals	30.6	30.1	21.7	20.9	9.1	8.7	12.6	12.6	17.6	17.2
Independents	23.5	25.4	24.4	24.3	32.0	34.0	21.5	20.4	23.7	23.6

	Winnipeg		Regina		Calgary		Vancouver		Western	
	1991	1992	1991	1992	1991	1992	1991	1992	1991	1992
Majors	53.8	50.8	55.2	56.3	52.0	51.9	57.5	54.7	54.9	53.2
Regionals	10.1	11.7	28.9	28.4	26.9	24.7	28.1	29.6	23.9	24.3
Independents	36.1	37.5	15.9	15.3	21.1	23.4	14.4	15.7	21.2	22.5

III- Gasoline Sales Per Service Station During The Fourth Quarter (000 litres/day)

	St. John's		Charlottetown		Halifax		Saint John		Atlantic	
	1991	1992	1991	1992	1991	1992	1991	1992	1991	1992
Majors	5.8	6.2	4.7	5.8	7.0	6.9	4.6	4.7	6.1	6.3
Regionals	4.6	4.5	4.3	4.0	5.1	5.5	4.9	5.4	4.9	5.0
Independents	4.2	3.5	0.0	0.0	4.3	6.7	5.2	6.2	4.6	5.2
Average	4.9	4.8	4.5	4.7	6.0	6.2	4.9	5.3	5.4	5.6

	Québec		Montréal		Ottawa		Toronto		Central	
	1991	1992	1991	1992	1991	1992	1991	1992	1991	1992
Majors	4.0	4.2	5.4	5.9	7.2	7.6	8.5	9.4	6.5	7.1
Regionals	4.7	4.6	4.6	4.6	4.9	5.0	9.1	9.3	5.4	5.5
Independents	3.7	3.8	4.1	4.0	5.2	5.5	9.0	8.2	5.3	5.1
Average	4.1	4.2	4.8	5.0	6.2	6.5	8.7	9.1	6.0	6.2

	Winnipeg		Regina		Calgary		Vancouver		Western	
	1991	1992	1991	1992	1991	1992	1991	1992	1991	1992
Majors	5.6	5.9	5.9	6.3	6.0	6.8	6.7	7.1	6.2	6.7
Regionals	4.9	5.2	7.7	7.0	9.2	8.9	8.2	8.9	8.0	8.1
Independents	5.7	7.0	4.3	3.8	5.3	6.3	4.8	5.4	5.2	6.0
Average	5.6	6.2	5.9	5.9	6.4	7.1	6.7	7.2	6.3	6.8